From: Mike Langrehr <mnlangrehr@bellsouth.net>
To: Chad Waldorfchad@stickyfingers.com
CC: marcia.adams@scdmv.netmarcia.adams@scdmv.net
Date: 7/8/2007 1:55:14 PM
Subject: FW: Gartner Group Report

Chad

Here is the interesting response I got back from Jim Bryant. We will just have to see his answer.

As far as savings on VOIP is concerned, Khush says he can save 20% and several others said they were in the 10 to 20 % range. I don't think there will be much saving in the first year because they will have to buy new phone instruments and to be fair there has to be some transition from the current system. I think it would be safe to include $500K in the first year, $1 million in the second and third year for a total of $2,5 Million over three years. This is only a guess but I think it would be considerably larger. I think these saving will only happen if the VOIP is operated outside the current telecommunications operating environment. If it operates as just another component of the state telecommunications organization then any cost savings will just disappear into the "reimbursement system".

As far as the Gartner information is concerned I continue to be puzzled over specifically where the "other" (defined as reimbursements) income comes from. Don't we identify in agency budgets how much they spend on IT for reimbursement to the CIO? Has anyone ever thought to aggregate that and then compare it to actual expenditures in the CIO budget? Isn't there a line item budget somewhere where one might be able to look at the expenditure side of the CIO by organizational or budget units? Can you guide me to the expenditure side of the CIO budget that might be on line?

In any event the $33 million gap between the Gartner Group Study and the reimbursements for Telecomm and Data Center operations is not in "excess funding" and should not be shown as savings. I think the potential savings is at least $4 Million but could be much higher. I suspect most of it goes to pay for the other CIO functions and some is "set aside" for future investment which really is nothing more than undocumented overcharges. Bottom line is that if these reimbursements are currently being used to fund the rest of the CIO shop, then in order to generally fund the CIO general operations enough of those funds in the agency budgets would have to be moved to the CIO organization to do that. The only real dividend in this would be the funds over and above current expenditures that really fall into the "excess" category. I hope this makes sense.

Chad- I am available this whole week but next week I will be in a class at Columbia Seminary in Decatur Georgia. The week after that I am pretty much open.

Marcia - I am sending you several emails that will explain what I am talking about with the Gartner Group numbers. If you have any questions or if you can use your knowledge of state

budgeting to make better sense of this please let us know.

Mike Langrehr
107 Interlachen Ct. SW
Aiken SC 29803
803-502-0126

From: Bryant, Jim [mailto:jabryant@cio.sc.gov]
Sent: Sunday, July 08, 2007 8:23 AM
To: Mike Langrehr
Subject: RE: Gartner Group Report

Hi Mike,

I will get answers to these questions and get back to you hopefully Monday. Take care and have a good week.

Best Regards,

Jim

From: Mike Langrehr [mailto:mnlangrehr@bellsouth.net]
Sent: Sun 7/8/2007 12:01 AM
To: Bryant, Jim
Subject: Gartner Group Report

Jim

I have been looking at the Gartner Group Report and the numbers and comparisons are pretty impressive. Here are the cost numbers I have from the report. Are these correct? Are there any Telecomm or Data Center costs that are not included? If there are, could you tell me what they are and how much each of them is?

Enterprise Computing Mainframe (FY07)	$8.2 Million
Voice Network (FY07)	$2.3 Million
Voice Premise Technology (FY07)	$5.8 Million
Total	$16.3 million

Thanks

Mike Langrehr

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